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SELA COUNTRIES BACK PERU ON ELIGIBILITY ISSUE

PA240330 Madrid EFE in Spanish 0156 GMT 23 Aug 86

[Text] Caracas, 22 Aug (EFE) -- The representatives of the 25 SELA member-countries released a communique today identifying themselves with Peru and "urging" the IMF to revise its position.

The communique states: "In view of the IMF's 'ineligibility' statement that prevents Peru from obtaining new IMF credits, the delegations of the SELA member-states hereby voice their solidarity with Peru."

These delegations are in Caracas participating in the preparatory meeting for the 12th SELA Latin American council, to be held in Lima on 16 and 17 October.

In the note it is recalled that the ministers of the Group of 24 of International Monetary Fund in the context of their 33d meeting in Buenos Aires, advocated greater support for countries whose situation is similar to Peru's.

The communique included point 11 of the statement by the group of 24 that says: "We hope that the IMF and other multilateral agencies will devise new mechanisms to aid those countries which cannot pay their term obligations to these agencies due to unfavorable foreign factors."

The SELA delegates also pointed out: "The IMF's decision seriously harms a SELA member-state, which has been making every possible effort to pay its financial obligations in accordance with its true ability to pay and considering a very unfavorable international climate."

For this reason, SELA urges the IMF to revise its decision "so that Peru can continue to be eligible for further credits and can be accorded the proper treatment taking into consideration the social and economic requirements of the Peruvian people."

CGT BLAMES GOVERNMENT FOR ECONOMIC ILLS

PY270115 Buenos Aires BUENOS AIRES HERALD in English 26 Aug 86 p 11

[Text] (NA-DYN) The general Labour Confederation (CGT) made the government responsible for the "worsening of the social situation" in a statement released yesterday, which referred to the "absence of concrete measures to update the wage-earner's level of income."

The labour organization criticized the "parsimonious attitude" of the economic team, adding, in reference to recent Banco Central leadership changes, that "power struggles at the top" aggravate the situation.

The CGT document warned that social unrest would not be spurred by the "intransigence" of labour organizations but by the "inexplicable laxity" of the government, in obvious reference to possible protest measures.

The grouping also warned it would be wrong to interpret the end of labour hostilities as a sign of "weakness or acquiescence of the working people."

Greek labour expert Nikolai Valticos, invited by the government to participate in the normalization of the CGT, arrived yesterday. The former sub-director of the International Labour Organization warned the normalization would not be likely to prevent future labour unrest, but also voiced hope that an agreement between the conflicting parties would be reached.

Meanwhile, the textile workers' union (AOT) yesterday declared a "state of alert" and announced it will implement a "struggle plan" to prevent wage agreements from being weakened by inflation.

The CGT's Neuquen Branch yesterday requested the dismissal of labour ministry provincial delegate Ruben Ferreira due to the "irregular operation" of his office. The request to Labour Minister Hugo Barrionuevo also called for the firing of accounting aid Ana Maria Drisaldi de Mitjavila for "ideological persecution."

In other news, private bank workers will stage four-hour work stoppages as from today in order to press for new sector wage accords.

Finally, municipal workers will hold a 24-hour strike on September 5 to demand higher wages unless the dispute is settled beforehand.

BRIEFS

COCAINE SEIZED, TRAFFICKERS ARRESTED -- The Buenos Aires province police this morning reported that 7 kg of cocaine was seized in the town of La Tablada in Buenos Aires Province. Bolivian citizens Nestor Rafael Sandoval, Elias (Excelis), Jorge Villarroel Curena, Zenon Villarroel Curena, and Argentine citizens Ricardo Felix Sanchez and Alberto Sanmartino were arrested. [Summary] [Buenos Aires Domestic Service in Spanish 1600 GMT 22 Aug 86 PY]

BOLIVIAN COCAINE TRAFFICKER ARRESTED -- Salta, 14 Aug (AFP) -- Gendarmeria (Border Military Police) personnel have detained at Salta's El Aybal Airport a Bolivian woman who was trying to smuggle 2 kg of cocaine into Argentina. She had arrived on an Aerolineas Argentinas plane from Santa Cruz, Bolivia. [Summary] [Paris AFP in Spanish 2332 GMT 14 Aug 86 PY]

PRESIDENT REMOVES FORCES TO LET MARCHERS PROCEED

PY262235 La Paz La Red Panamericana in Spanish 2200 GMT 26 Aug 86

[Text] The government has ordered the Armed Forces to withdraw and not prevent the mineworkers' march to La Paz. The government has likewise decided to accept the Catholic Church proposal to establish a dialogue with the mineworkers.

Planning Minister Gonzalo Sanchez de Lozada has been appointed to meet with Church authorities to organize a meeting with mineworker representatives at the Mining Ministry under church sponsorship.

Information Minister Herman Antelo reported to the media in recent hours that the president had ordered the withdrawal of the troops stationed in Patacamaya, and that the police watch over the mineworkers march be lifted. Antelo said the government is concerned about the marchers' situation. He reiterated the Executive Branch's will to establish a dialogue and to remove agitators from the scene. He said that the president ordered the withdrawal of military and police control over the miners' march.

Mines Closed Despite Strike

PY261750 Madrid EFE in Spanish 1503 GMT 26 Aug 86

[Text] La Paz, 26 Aug (EFE) -- The Bolivian Government has approved its mining-metallurgy policy and has decreed the closure of the San Jose, Huanuni, Bolivar, Unificada and Tasna mines as part of the Bolivian Mining Corporation (Comibol) restructuring plan. The decree was approved last night in spite of the fact that thousands of workers are marching on La Paz and that two departments are paralyzed as a result of strikes being held to protest against these measures.

The Cabinet, which yesterday held a 20-hour meeting, approved the decentralization of Comibol and the closure of several companies. It is against these decisions the residents and miners of the Oruro and Potosi Departments have adopted measures of force. The government decision comes as 8,000 workers, among them over 5,500 miners, are marching from Oruro, 230 km south of La Paz, with women and children, to protest against the government's mining-metallurgy policy.

According to union leaders, the demonstrators decided to march on La Paz to reject the government plan that will leave them without jobs and will make the areas into ghost regions. The march "for life" will arrive today at Patacamaya, 126 km South of La Paz, where the peasants and miners will sign a defense and solidarity act.

The 2d Army Division, based in Oruro, has deployed troops along the highway that links Patacamaya with La Paz while troops in La Paz have been deployed up to Patacamaya. Army Tanks and military troops from the Patacamaya Regiment have been blockading the highway for the past two days.

Miners Blamed for Derailment

PY270335 La Paz La Red Panamericana in Spanish 0000 GMT 27 Aug 86

[Text] Transport and Communications Minister Andres Petricevic has said that the miners march is not peaceful. He based his harsh comment on reports he received from the National Railway Enterprise. The minister said that the miners who are marching toward La Paz have derailed a railroad convoy.

[Begin Petricevic recording] I would like to report an unpleasant incident caused by the people participating in the March for Peace and Life [words indistinct] derailing a train of the National Railway Enterprise at Km 791 between Oruro and Potosi. [end recording]

Andres Petricevic told Radio Panamericana that he believes that the miners' march toward La Paz cannot be considered peaceful.

BRIEFS

NEW CULTURE INSTITUTE DIRECTOR -- The education minister this morning installed Architect Teresa de Gilbert de Mesa as new director of the Bolivian Culture Institute. [Summary] [La Paz La Red Panamericana in Spanish 1700 GMT 15 Aug 86 PY]

NEW AIRLINE PRESIDENT -- The government has appointed Jaime Nino de Guzman as the new president of Lloyd Aereo Boliviano. [Summary] [La Paz La Red Panamericana in Spanish 1700 GMT 18 Aug 86 PY]

CAF GRANTS LOAN -- The Andean Development Corporation, CAF, has granted Bolivia two loans totalling $17,023,000. The first loan of $15,975,000 is to maintain services on the roads in southern Bolivia and the remainder is to be used to study the San Buenaventura-Cobija road. [Summary] [La Paz EL DIARIO in Spanish 5 Aug 86 P 1 PY]

JAPAN DONATES $5 MILLION -- The Japanese Government has granted Bolivia a nonreimbursable contribution of 805 million yen, equivalent to $5 million. This money will be invested in a fish-breeding project near Lake Titicaca. The notes have been signed by Foreign Minister Guillermo Bedregal and Japanese Ambassador to Bolivia (Takayusi Ito). [Text] [La Paz La Red Panamericana in Spanish 0000 GMT 22 Aug 86 PY]

TAX COLLECTION UNDER SECRETARIAT -- The Tax Collection Under Secretariat of the Finance Ministry has been created in order to implement the measures established by the Tax Reform Law. Under Secretary Fernando Moscoso was installed yesterday. [Summary] [La Paz La Red Panamericana in Spanish 1130 GMT 12 August 86 PY]

NEW PROVINCE CREATED -- The Jose Manuel Pando Province has been created in La Paz department. The new province is located north of Pacajes near the Chilean-Peruvian border and is divided into two municipal sections and seven cantons. Santiago de Machaca is now the capital of Jose Manuel Pando Province. [Summary] [La Paz EL DIARIO in Spanish 27 Jul 86 p 5 PY]

FOREIGN MINISTER COMMENTS ON SARNEY'S U.S. VISIT

PY261719 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 23 Aug 86 p 29

[Excerpt] Foreign Minister Abreu Sodre yesterday admitted that "this is the hardest stage" of the negotiations between Brazil and the United States on the informatics sector. Minister Sodre warned, however, that "Brazil has a law which will be respected and not modified."

The foreign minister said that all negotiations have easy and difficult moments, and that this is "the difficult stage." Sodre said that he is optimistic about the meeting between Presidents Jose Sarney and Ronald Reagan and believes that "negotiations bring about solutions." Therefore, he expects good results for both countries.

According to the minister, "It must be understood that there is more to the relations between Brazil and the United States than just the informatics question." He believes that there are dozens of other matters on which to agree in terms that fully favor both nations.

In Abreu Sodre's opinion, President Sarney's visit to the United States is the opportunity for a democratic dialogue. He believes that when two presidents meet they will seek feasible solutions, "because it is impossible for two presidents to hold talks without reaching a good understanding." [passage omitted]

FINANCE MINISTER INTERVIEWED ON ECONOMY, DEBT

PY262307 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 24 Aug 86 p 56

["Text" of interview granted by Finance Minister Dilson Funaro to O ESTADO reporters Pedro Cafardo and Jocimar Nastari; date and place not given]

[Excerpts] O ESTADO: Sir, you are completing 1 year as finance minister. How do you evaluate your own work? Any self-criticism?

Funaro: I am completing 1 year in the ministry, and the Cruzado Plan is completing 6 months. The latter is important because the plan has changed our country's life. The 6 months preceeding the Cruzado Plan served to confirm the criticism that had been leveled at some aspects of the country's economic policy for years before I joined the government. The first 6 months showed that the economic policy had to take a different path. Inflation was handled through total indexation, and the ministers simply tried to coexist with inflation, causing serious social disturbances, despair, and misunderstanding.

I gathered from meetings I held abroad that nobody was taking Brazil seriously. With an inflation of more than 200 percent, it was difficult to convince anyone that the country could survive no matter how much one talked about indexation as a means to coexist with inflation.

But almost all the economists and men with government experience here and abroad believe that the Brazilian people had to go through some 2 years of recession so that inflation could be brought down from 200-250 percent to 100-50 percent. Everyone with whom I talked abroad told me the same thing. Only a relatively small group of economists believed that deindexation was needed. Many contended that the deindexation had to be made gradually; few believed that it could be made in a single stroke. With Planning Minister Joao Sayad and a small group of well-known economists we started to study the deindexation of the Brazilian economy at a single stroke.

We knew that the financial system, even if the plan were not implemented, could not hold up. There was the problem of the three banks: Comind, Auxiliar, and Maisonnave. It was then necessary to complete their liquidation 3 months before the Cruzado Plan was launched. Moreover, it was necessary to prepare buffer stocks of foodstuffs, to create the National Treasury Secretariat, and to eliminate the so-called movement account between the Treasury and the Bank of Brazil [a Treasury account at the Central Bank that was managed by the Bank of Brazil as the government's financial agent, with statutory authority to print money for that account, if deemed necessary]. In sum, it was necessary to pave the way for the Cruzado Plan with absolutely indispensable measures.

I took over the Finance Ministry late in August, with a 14-percent monthly inflation rate. It was necessary to work hard in order to establish the government's cash flow. Up until the day I took over the Finance Ministry, it was done this way: Accounts for each 1-month period were closed before verifying what had happened. The movement account represented a connection of accounts between the Treasury and the Bank of Brazil over which no one had control. It was not possible to have any control as long as the movement account remained open. With the creation of the National Treasury Secretariat, we began on 1 January to have monthly cash flow of payments on a day-to-day basis and a projection for the following 6 months. We thus learned exactly what the government needed in order to act properly in the financial system.

All these adjustments, including the adjustment of the foodstuff buffer stocks, were indispensable before the Cruzado Plan was implemented on 28 February.

O ESTADO: Do you have any self-criticism to make?

Funaro: I believe that we did quite well. To say that we could have corrected this or that before launching the Cruzado Plan is easy today, but we were going through difficult times. For instance, we could have readjusted the price of gasoline before. And we went so far as to announce that readjustment in the morning, but retreated in the afternoon. The problem was that people were getting acquainted with a new currency, and they were closing stores that overcharged. We did not have a crystal ball that would allow us to reduce some problems in the retail sector.

O ESTADO: The government has promoted an increase of interest rates. Isn't this a change of position?

Funaro: No. In some of our comments, we thought that interest rates should be positive in order to reward investments. At some time, this could have given the impression that some interest rates would be subsidized -- mainly because of the discussion of the inflation index. This impression caused great damage to the stability of the financial market. But an increase of interest rates does not mean that the rates have to be very high. [paragraph continues]

Without monetary correction, interest rates are determined partly by inflationary expectations and partly by real market interest rates. This is why some investors are talking of high inflation in order to justify high interest rates. But we expect a low inflation rate.

O ESTADO: Do you believe that progress has been made in the administration of the foreign debt? The problem still seems to be quite serious.

Funaro: The first problem was to stop the growth of the debt. When I took office, the internal debt was growing at a rate of 85 percent in real terms over 12 months. In July of this year, it was growing at just 7 percent. This means that we have slowed down the speed of internal-debt growth, which is indispensable to begin controling the nation's economy. [Passage omitted]

O ESTADO: Isn't the explosion of consumption a sign that the growth of the economy is running ahead of the Cruzado Plan projections.?

Funaro: We were expecting important growth. We knew very well that with the equal treatment given to wages and prices -- prices used to go up every day or every month while wages went up every 3 or 6 months -- the workers' purchasing power would increase considerably. We were fully aware that the increase in demand would be large. But we were expecting the demand to stabilize at a higher level, as is happening now.

The possibility of consuming more was important for some people. An example: The pharmaceutical industry is delivering 35 percent more medicine this year. A survey made by the laboratories shows that people used to come to drug stores with a prescription for two or three medicines and took only one, the least expensive. This means that the standard of living of the population has improved.

Food consumption has increased by 12-15 percent. Car sales, although cars are not an essential product, increased by 35 percent. Industry is manufacturing 52 percent more this year than last year, even considering the 2-month strike in 1985. Comparing the working months this year with those of last year, production is 35 percent higher than it was then. Still, demand cannot be met.

O ESTADO: To meet present demand, new investments are necessary. But some economists claim that the resources of the FND [National Development Fund] cannot guarantee the investments needed for the country to continue to grow at 7 percent a year.

Funaro: That's correct. The FND cannot finance the 7-percent growth -- it can only finance about 2 percent. The reduction of interest rates and spreads on our foreign debt, which we hope to obtain through negotiations, should contribute with 1.5 percent. In addition, resources from productive and profitable state-run companies should provide investments on the order of 2 to 2.5 percent of GDP. Adding these up, we would have a 5.5 to 6 percent growth, which is the minimum that can be achieved in terms of expansion of the public sector to maintain some infrastructure programs, such as the energy program. This year in fact, public sector investments should represent 4.2 percent of GDP. Of this, 2 percent is being financed with the FND and the remaining 2.2. percent with savings resulting from reductions in the servicing of our foreign debt. [Passage omitted]

O ESTADO: Are you convinced that we will reach an agreement with our foreign creditors on 5 September?

Funaro: Surely we will reach an agreement by 5 September. To reach that agreement is not just in Brazil's interest, it is also in the interest of the creditors, because the agreement will guarantee that Brazil will honor its foreign debt commitments with a spread lower than in previous years. After this agreement we will have to renegotiate the entire foreign debt package.

O ESTADO: Will that renegotiation begin in September?

Funaro: This is a ritual. First, we had to negotiate debts due in 1985 and 1986, because the deadline for their renegotiation was about to expire and we could not be left with Project 4 [interbank credits from foreign banks to Brazilian banks operating abroad] uncovered. There was an understanding with the Paris Club that we continue paying in installments. Now we have to renegotiate the entire foreign debt so that we will not have to negotiate every 6 months.

O ESTADO: Can you clarify your comment that Brazil will only send abroad 2.5 percent of its GDP? Is this a final position?

Funaro: We said in Buenos Aires that with international interest rates falling, Brazil's climbing GDP, and the reduction of the spread, we would be in a position to transfer abroad 2 to 2.5 percent of our GDP without impeding Brazil's development. This is an important precondition for not falling back into a recession and for bankers to have the assurance that the country with which they are negotiating will not have a crisis, like that of Mexico, for instance.

O ESTADO: Are foreign bankers inclined to strike a multiyear agreement with Brazil?

Funaro: We believe that the possibility exists. We have to discuss and negotiate. The Paris Club made some demands that we finally accepted. We started to pay and everyone is receiving payments. We will make an agreement under the same conditions as we did with the Paris Club. We believe that no demand can be made other than under Article 4 of the IMF charter. Under that article, the IMF can send a mission to the country, as it does to France or the Netherlands, to verify figures and make a report. [passage omitted]

O ESTADO: Until recently there were prospects of again receiving money through cofinancing with the World Bank. However, it seems that process has stalled.

Funaro: The bankers are always saying that the market is about to open for Brazil. They say so at every speech or luncheon I attend. But I prefer to wait and see when that will happen. [passage omitted]

O ESTADO: Will the administrative reform bring about great savings for the government?

Funaro: It will not save a great deal. There must be administrative reform because it is important to modernize the machinery of the state. It is important to modernize so that what happened in Sao Paulo does not happen again. We had to replace the SUNAB [National Supplies Superintendance] delegate in Sao Paulo, because there were so many complaints there that telephones had been disconnected. The government exists to serve the people and it has to perform its functions. [passage omitted]

SHIP INVOLVED IN ARMS SMUGGLING CAPTURED

PY270324 Santiago EL MERCURIO in Spanish 20 Aug 86 p C1

[Text] Security personnel have confirmed that a second fishing boat, which reportedly participated in smuggling arms to Chilean subversives, was seized yesterday. This action took place off Caldera in the 3d Region.

It was reported that the fishing boat -- the Chopalgue -- has characteristics similar to those of the fishing boat Astrid Sue which was captured a few days ago.

The reports state that one person was arrested during the action. The Chopalgue reportedly participated in an arms-trafficking operation on 14 July 1986, when it unloaded 30 tons of arms and explosives from Soviet ships, transporting them ashore to a site called Carrizal Bajo.

In addition, it was stated that the war materiel was consigned to the so-called Manuel Rodriguez Patriotic Front, an extremist organization which established its clandestine operation base in Corral Bay, in the 3d region in Atacama.

Security personnel reported that this second fishing boat was captured thanks to information provided by the terrorists arrested during the first action. They gave details about the ship -- which is equipped with sophisticated communications equipment -- and about its crew.

CAUCE PRESIDENT ARRESTED; 6 OTHERS SOUGHT

PY262149 Santiago Domestic Service in Spanish 1700 GMT 26 Aug 86

[Text] Three reporters of CAUCE magazine have been arrested for offending the Armed Forces and six more are wanted by military justice. The magazine's headquarters has also been raided.

The following people will be handed over to the military court in the next few hours: CAUCE President Jorge Ovalle, legal representative Gonzalo Figueroa, and reporter Claudia Lanzarotti. They have been charged with offending the Armed Forces in an article published in the latest issue of CAUCE. The article -- entitled "The Doubt About the Arsenal or the Doubtful Arsenal" -- evoked a reaction from the National Intelligence Center, which filed charges against CAUCE.

The three reporters are being held at the headquarters of the investigative police and are waiting to be sent before a military prosecutor, probably Major Lorenzo Andrade. At the same time, the investigative police received warrants for the arrest of six more CAUCE reporters identified as Juan Jose Faundez, Marcia Pineda, Manuel Poblete who wrote the article, Javier Mardones, Osvaldo Muray, and Eugenio Gonzalez. It has been learned in court circles that the six reporters will voluntarily come to court this afternoon.

In the meantime, in compliance with orders given by the military court in relation to the offense committed against the Armed Forces, the police raided the offices of CAUCE located at 454 Monjitas Street, Office 607. The raid was conducted around 1130 by special investigative police personnel. According to reports from the investigative police, the raid was conducted without problems, and the detectives only seized press material which will be handed over to the military court.

Regarding the finding of the arms cache in the north and central area of the country, 14 people have been handed over to the 2d Military Court in Santiago. These 14 people have already been questioned by prosecutor Andrade, who has begun the interrogation regarding their participation in setting up the arsenals in Carrizal Bajo. It has been learned that a total of 22 people have been arrested in this case. The remaining eight will be taken before the prosecutor after the current interrogation ends. The arsenals were discovered in several raids in the third region and in Santiago and its outskirts. About 60 tons of arms, ammunition and explosives were seized.

Dinacos on CAUCE Arrests

PY262223 Santiago Domestic Service in Spanish 1700 GMT 26 Aug 86

[Text] The National Social Communications Directorate [Dinacos] has released a declaration regarding CAUCE magazine's questioning of the origin of the arsenal found in the north. We have a report on this declaration from Rosa Sanchez:

[Begin relay] The Dinacos declaration says: CAUCE published in its issue of 25-31 August 1986 an article entitled "The Doubts About the Arsenal or the Doubtful Arsenal" by Ariel Poblete. The article says that last February witnesses say unusual military helicopter operations around Carrizal Bajo.

In the face of such distorted information regarding the arms cache found in the 3d Region and the Santiago metropolitan area by the National Intelligence Center, Armed Forces, and police personnel, Dinacos reports that during February 1986 -- on a date and hour which do not coincide with the ones given in the CAUCE article -- operations were conducted using Puma and Lama Army helicopters to supply the northern network of the Army Radio Station with natural gas.

According to the communique, to carry out this supply operation, 300-gallon bottles of gas, similar to the ones used in highrise buildings, were used. They were first transported by trucks on the Panamericana Norte highway, where they were picked up by the helicopters and taken to the radio station located on the mountain.

In conclusion, the communique says the Dinacos regrets that freedom of information and opinion was exercised to provide distorted information to the people about the seriousness of the origin, existence, and final destination of the military arsenal found this month.

This is the declaration released by Dinacos a few minutes ago in La Moneda Palace. [end relay]

Groups Support CAUCE

PY270234 Santiago Radio Chilena in Spanish 2300 GMT 26 Aug 86

[Excerpts] The Executive Committee of the Democratic Alliance [AD] today released the following declaration:

Regarding the arrest of CAUCE President Jorge Ovalle Quiroz, the magazine's director Gonzalo Figueroa, and several journalists, the AD Executive Committee categorically rejects this new action against this opposition magazine, and expresses its solidarity and support for those professionals whose public merits are well known.

The declaration says that the warrant for the arrest is reportedly related to the arsenals discovered in the northern and central parts of the country. The arrests indicate that articles published by CAUCE regarding the arsenals did not please the government. [passage omitted]

The National Council of the Chilean Journalists Association has strongly condemned the arrest of the directors and reporters of CAUCE magazine. In a declaration the association indicated the arrests are a new and violent attack on freedom of expression and of the press in Chile. The communique was released by the council's secretary general, Guillermo Torres. He said:

[Begin recording] The Chilean Journalists Association rejects this attack and expresses its solidarity with those arrested, especially with our colleague Claudia Lanzarotti and with the other journalists affected by the charges filed by the National Intelligence Center. The case is now under the jurisdiction of the 2d Military Court. The association also expresses its solidarity with CAUCE President Jorge Ovalle and Gonzalo Figueroa, the magazine's director and legal representative. We reject the efforts by the interior minister to manage the media during the difficult times the country is experiencing by trying to prevent Chileans from learning what is really occurring in the country. [end relay] [passage omitted]

Ricardo Nunez, the secretary general of the Chilean Socialist Party, sent a note to CAUCE Director Gonzalo Figueroa to express his solidarity with CAUCE personnel in the name of his organization. The Socialist Party reiterates its strong protest over the new attack on freedom of information and conveys to CAUCE personnel its total support.

NATIONAL ACCORD MEETS ARCHBISHOP, COMMENTS

PY260348 Santiago Radio Chilena in Spanish 2300 GMT 25 Aug 86

[Text] The signatories of the National Accord for the Transition to Full Democracy today met with Santiago Archbishop, Msgr Juan Francisco Fresno for more than 1 hour, and this afternoon the leaders of the National Accord issued a statement.

Among other things, the National Accord communique states: A year ago we signed the National Accord for the Transition to Full Democracy. This was done in response to a call for reconciliation of his eminence, Santiago Archbishop Msgr Juan Francisco Fresno. When we signed this accord, we undertook the commitment to achieve a peaceful solution for the country so that it could attain full democracy, and we promised to respect certain institutional, economic, and social principles capable of assuring an orderly future.

The communique adds: A broad consensus is necessary to overcome the crisis, and this consensus will not be achieved unless the nation can have free and direct elections to choose its authorities, meaning the president of the nation; a national congress with legislative, constituent, and overseeing powers; and municipal governments,

Further on, the communique of the National Accord released this afternoon says: In the quest for these objectives, we reiterate our willingness to comply with the terms of the accord and we reaffirm the need for the urgent implementation of the measures it proposes. We want to avoid confrontation and move forward toward democracy. However, in order to be able to do this, in keeping with the wishes of the majority of Chileans, exceptional laws must be abrogated, public freedom must be reestablished along with the autonomy of the universities, the government must promise not to implement the transitory Article 24 of the Constitution, there must be no more exiles, the political recess must be discontinued, and unimpeachable lists of voters must be drawn up.

CDT: Unity Around Accord

PY270124 Santiago Radio Chilena in Spanish 1700 GMT 26 Aug 86

[Excerpt] The Democratic Central Organization of Workers, CDT, has made a fervent call to all the signatory parties of the National Accord to sacrifice their natural sectorial interests and to work to make the document a real and effective government choice when the military regime ends. This statement is part of a public statement read by CDT President Eduardo Rios reiterating total CDT support for the National Accord for the Transition to Full Democracy.

[Begin Rios recording] The CDT recognizes Cardinal Juan Francisco Fresno for his permanent call for the reconciliation of all Chileans. Fresno's call has allowed this important document, signed by important political parties, to remain valid and very important during the difficult times the country is facing as a result of the growing political polarization and imminent civil war, which are due to the government's stubborness and wrong actions by the extreme left.

The CDT issues a fervent call for the signatory parties of the National Accord to sacrifice their natural sectorial interests and to support the aspirations of the social classes to reach an agreement so the National Accord can become an effective government choice for the Post-Pinochet period. [end relay] [passage omitted]

JACQUET ON PLRA LEADER COMMENTS, U.S. AMBASSADOR

PY250105 Asuncion EL DIARIO in Spanish 22 Aug 86 p 10

[Text] Justice and Labor Minister Eugenio Jacquet was asked yesterday why the courts did not worry about comments made by Carlos Romero [Pereira] Arza during a political meeting at the Metropolitan Seminary but demanded the arrest of Miguel Abdon Saguier, a leader of the Authentic Radical Liberal Party [PLRA], for statements he made. Abdon Saguier's arrest has been requested by Attorney General Clotildo Jimenez Benitez. Jacquet answered: "Do not be in such a hurry, the law must treat everyone equally, and the time will come for those who are up to the same tricks, those who are being guided and instructed to oust a legally constituted government."

As for the attorney general's request for the arrest of Saguier on charges of sedition, the minister said that Saguier has a record and that several other politicians have been tried and sentenced for the same charges, "that is, for inciting the people to take up arms. We must realize this attitude does not help preserve democracy. We must improve democracy through the civic education of the citizens. We must prepare the people to be protagonists of democracy."

Jacquet added that "to incite the people to take up arms and rebel against legally constituted authorities is not the proper way to educate them. If the government were illegal or unconstitutional such a method might be appropriate. However, our authorities have been elected by the people. Therefore, one cannot induce or urge the people to rebel against the authorities and overthrow them. This would be a rebellion. This is what we intend to fight, but we will do so within the framework of the law."

Jacquet continued: "If we shared the opinions of this politician, we would also take up arms and use them to fight him. However, being cultured, civilized and democratic people, the Paraguayans will not use this system."

Minister Jacquet was also asked to comment on remarks that U.S. Ambassador Taylor made during a program entitled "Youths for Peace," because these remarks were quite similar to those made by Miguel Abdon Saguier. Jacquet said that circumstances were not the same, "furthermore Ambassador Taylor's remarks in Coronel Oviedo were not referring directly to our government, while Saguier talked directly against a known and established government, legitimately voted for by the people."

Jacquet also said that: "Any U.S. diplomatic representative, or for that matter, any Western, democratic and Christian diplomat can suggest those means as a valid option for the restoration of democracy," he emphasized. "One presupposes that the main targets of the United States in this struggle are the communist, totalitarian and antidemocratic countries."

He added: "We must also bear in mind that the United States encourages armed rebellion to overthrow antidemocratic governments, the way it is doing now in Nicaragua. Thus, we can conclude that the words of the main speaker at that program had nothing to do with our politics or our status quo," Minister Jacquet concluded by saying.

MINISTERS REPORTEDLY SEEK FINANCING IN BRAZIL

PY252206 Paris AFP in Spanish 1855 GMT 24 Aug 86

[Text] Lima, 24 Aug (AFP) -- Manuel Romero, Peruvian minister for industry, commerce, tourism and integration, and Gustavo Saberbein, deputy economy minister, today left for Brazil on a key official mission whose objectives have not been revealed, according to official sources.

However, leaks indicate that in Brazil the high-ranking Peruvian delegation will pursue the economic negotiations begun by President Garcia's administration to obtain Brazilian financing for several development projects.

A government spokesman commented that although Minister Romero's trip was planned, Saberbein's departure appears to be almost unexpected and urgent. The reasons for this are unknown.

Meanwhile, Jose Caceres, deputy minister of the Presidency, today announced that even though the IMF has declared Peru ineligible for further loans, the Banco do Brasil has confirmed its willingness to continue negotiating the loan that Peru has requested for the second phase of the Tinajones hydroelectric projects in northern Peru.

Caceres recalled that 35 days ago, the Brazilian bank and Peru signed a letter of intent by which the former would provide 100 percent of the funds needed for the project. Under the agreement, Peru will be able to repay the loan in traditional and nontraditional export goods.

IDB, CAF Loans, Credits Granted

PY221504 Lima Television Peruana in Spanish 0100 GMT 22 Aug 86

[Excerpts] Prime Minister Luis Alva Castro this afternoon presided over a ceremony during which the World Bank, the IDB, and the Peruvian Mining Bank signed a $27.5-million loan contract. [passage omitted]

In turn, according to information released by the CAF [Andean Development Corporation] -- which is headquartered in Caracas -- Peru has been granted CAF credits for $78 million out of the total of almost $115 million the CAF has lent so far this year. This means that Peru has contracted 66 percent of the loans granted by the CAF in 1986. As of August, Peru has received credits for $40 million for development projects and a $38-million loan for financing nontraditional exports.

APRA REJECTS DIALOGUE WITH SHINING PATH

PY262046 Paris AFP in Spanish 0418 GMT 26 Aug 86

[Text] Lima, 25 Aug (AFP) -- Armando Villanueva, secretary general of the American Popular Revolutionary Alliance [APRA] has ruled out the possibility of a dialogue between Alan Garcia's government and the Maoist guerrilla Shining Path as a way to end subversion in Peru.

My party does not maintain any dialogue with the Shining Path, Villanueva said. He added that under the present conditions it is impossible to talk with those who have chosen to kill Peruvians. Villanueva, who is also president of the Senate, said dialogue is founded on good will, which the subversives have not shown, persisting as they do with armed struggle and subversion. Villanueva said that the guerrillas are Peruvians on the wrong track and added APRA maintains the hope that the Shining Path will give up its attitude and stop subverting order and killing people.

In the past, Villanueva was convinced that dialogue was the way to appease the country, and he made continuous calls to the Shining Path leaders. But the Shining Path has never accepted the possibility of dialogue with the government, neither the one of former President Fernando Belaunde nor the present one of Alan Garcia. One of the Shining Path's main targets is the offices of the party in government, as an indication of its rejection of dialogue.

PUNO GROUP CONDEMNS ESCALATING VIOLENCE

PY270145 Madrid EFE in Spanish 1649 GMT 26 Aug 86

[Text] Lima, 26 Aug (EFE) -- The Catholic Church of Peru and the "Human Rights Commission" of Puno Department today released a document stating that this department could become "a new Ayacucho" due to the escalation of violence in the area. Puno is a department that borders Bolivia, where "Shining Path" activity is becoming more intense. This action is being opposed with repression, which causes more fear than the subversive action itself, according to Msgr Luciano Metzinger of the Peruvian Episcopal Conference "Social Action Commission."

After a few days of study in Puno -- under the theme "The People of Puno Want Peace" -- a document was signed by Bishops Augusto Beuzeville, Luciano Metzinger, and Jesus Barrueto, and by Father Gustavo Gutierrez, a Liberation Theology theoretician, and Martha Giraldo, president of the Puno "Human Rights Commission." The document states that the process of violence in Puno affects the institutions and the people of the department, with the emergence of paramilitary groups whose targets -- according to the document -- include the Catholic Church in the department.

The document adds that Puno is facing problems such as the negative action of nature, the historically bad distribution of the land, and the Shining Path's "senseless violence" to which the state responds with repressive violence "which does not differentiate the guilty from the innocent." The document adds that to this situation "is added the outrageous violence by alleged paramilitary groups." The document harshly criticizes the Puno authorities, pointing out "the discriminatory action of the courts, the often illegal and dominant action by the police, and the despotic and arbitrary activity of the local authorities."

The document concludes by saying that all this "can turn Puno into another Ayacucho," the department where the Shining Path began its violent actions 6 years ago, actions which have not ceased and which have led to a situation of continuous violence. This violence, according to ruling American Popular Revolutionary Alliance Deputy Alberto Valencia, of Ayacucho Department, is not committed solely by the Shining Path because there are groups that commit crimes and then attribute them to the Shining Path.

AMBASSADOR TO UN ON DE LA MADRID'S VISIT

FL262250 Mexico City NOTIMEX in Spanish 2120 GMT 26 Aug 86

[Text] 26 Aug (NOTIMEX) -- Ambassador to the United Nations Mario Moya Palencia has said there is a favorable environment in the United Nations regarding President De la Madrid's participation in the General Assembly meeting.

Interviewed after meeting with De la Madrid in the presidential residence, Moya Palencia said that the president's visit to the United Nations will provide an opportunity to ratify Mexico's foreign policy, which is based on the principles of nonintervention, self-determination of the peoples, and the struggle for disarmament.

The ambassador said De la Madrid's presence at the world forum is of great importance, since he can also underscore our efforts to achieve peace in Central America through a negotiated solution.

BRIEFS

DRUG DESTRUCTION, ARRESTS -- Federal Judicial Police located and destroyed 4 million marijuana plants. The drug was planted on 80 hectares at Las Juntas, Durazno, Temores municipality, Chihuahua. Judicial police detained eight alleged drug traffickers who were placed in the hands of the authorities. [Excerpt] [Mexico City XEW Television Network in Spanish GMT 16 Aug 86 PA]

MARIJUANA PLANTS DISCOVERED -- Monterrey, Nuevo Leon, 14 Aug -- Agents of the Federal Judicial Police and the Army have discovered more than 90,000 marijuana plants in Vallecillos Municipality, Nuevo Leon, with an estimated value of 450 million pesos. The plants were found in the La Colorada Farm, owned by Manuel de Los Santos Rodriguez, who was arrested. In the past 15 days more than 200,000 marijuana plants have been destroyed. Police agents also discovered 4 hectares of marijuana plants in Bacobampo, Etchojoa Municipality, Sonora. Twelve peasants, including 13 minors, were detained. [Summary] [Mexico City EXCELSIOR in Spanish 15 Aug 86 PA]

CLANDESTINE HEROIN LAB -- The Attorney General's Office has discovered a clandestine laboratory used to process a large amount of heroin. The laboratory was found in Cuautla, Morelos, only 45 minutes from Mexico City. The drug was being sent to the United States in concealed containers. The Federal Judicial Police arrested presumed group leader Manuel Santana Ruiz at the installations. Santos Sarabia Jimenez, Hermilo Alvarado Sanchez, Angel Zavaleta Jimenez, Juan Reyes Jimenez, and Nieves Corona were also arrested. [Summary] [Mexico City EXCELSIOR in Spanish 15 Aug 86 pp 5A 29 AA PA]

ECONOMIC MINISTERS APPROVE IMPORT BOND SYSTEM

PA251549 Managua BARRICADA in Spanish 21 Aug 86 p 5

[Text] The Central American Import Bond System [Derecho de Importacion Centroamericano] (DICA) was approved yesterday by ministers in charge of the economic integration of the area as a complementary mechanism to clearing houses and barter.

By means of the DICA, the Central American countries will be able to conduct commercial transactions through documents issued by central banks in local currencies that will be negotiable in third countries within the area.

The documents, which will be good for a period of 1 or 2 years, can be issued for an amount of up to 100 percent of the value of an import.

In order for this new system to go into effect on 1 October, the ministers asked the Central American Monetary Council to issue the rules of operation as well as to conduct a study of the necessary measures that must be adopted to reconcile the exchange rules that prevail in each country.

The ministers agreed through a resolution not to adopt unilateral measures that may restrict trade between the Central American countries and to make changes in the regulations that are presently in effect to avoid any discriminatory treatment for products coming from other Central American countries.

After the meeting, the economic ministers of Nicaragua and Costa Rica, Alejandro Martinez Cuenca and Luis Escalante, respectively, signed an agreement to reactivate the clearing house bilaterally with an amount of up to $6 million annually. Whenever there is an accumulation of $500,000, the clearing house will be closed. It will reopen when the deficit has been covered.

Likewise, Luis Fiallos, Nicaraguan deputy forestry minister [title as published], signed an agreement with private Costa Rican businessmen for timber exploitation in Rio San Juan and San Carlos. Central Bank representatives of Honduras and Nicaragua signed another agreement to renegotiate the debt between both countries. The Nicaraguan delegation also signed an agreement with Guatemala to renegotiate the debt and to open a clearing house.

The representatives of the Central American countries unanimously approved the resolution of the ministers, deputy ministers, and central bank presidents.

The Central American economic ministers participated in the event. They were Lizandro Soza from Guatemala, Ricardo Gonzalez from El Salvador, Luis Escalante from Costa Rica, Reginaldo Panting from Honduras, and Alejandro Martinez Cuenca from Nicaragua. The central bank presidents of those countries also participated in the event.

Authorities from the Secretariat of Central American Economic Integration (SIECA), the Central American Monetary Fund, the Central American Bank of Economic Integration (BCIE), and the Economic Commission for Latin American (ECLA) also attended the event.

DICA Called Blow to U.S.

PA252140 Managua Radio Sandino in Spanish 1930 GMT 22 Aug 86

[Text] Foreign Trade Minister Alejandro Martinez Cuenca said today that recent agreements to reactivate Central American trade are a strong blow to the Reagan administration's policy. Martinez Cuenca was referring to the creation of the DICA, approved yesterday at the 26th meeting of ministers in charge of integration of Costa Rica, Honduras, Guatemala, El Salvador, and Nicaragua.

He explained that the fact that the five countries met to jointly discuss their own economic problems is a clear sign to Ronald Reagan that the military solution is not the way out of the regional crisis. He said that the $100 million in aid to counterrevolutionary groups, which he called the financing of terror, contrasts with the crumbs that the countries of the area receive from the United States in its efforts to make them accomplices to its illegal aggression. Martinez Cuenca said that the solutions offered by the U.S. Government to the recipients of these crumbs do not satisfy the financing needed to face the severe regional crisis. He recalled that in Central America only 40 percent of existing industrial capacity is being used, resulting in growing unemployment and other difficulties, in addition to reducing intraregional trade by 31 percent since 1980. He added that in this situation, measures are sought that can broaden the crisis [as heard], mainly those relating to methods of payment, like the DICA, which allows trade using the national currency of each of the countries of the area.

This agreement and others to jointly explore financing and new markets were described by the minister as positive, taking into account the very strong U.S. pressures which have always opposed these expressions of unification.

Guatemalan Minister Comments

PA251551 Guatemala City Radio-Television Guatemala in Spanish 0400 GMT 22 Aug 86

[Text] Economy Minister Lizardo Sosa Lopez confirmed today that the last meeting between Central American central bank presidents, which was held in Managua, adopted a new mechanism that will speed up the trade between Central American nations. The new mechanisms will be easier to handle by the private sector -- according to its interests -- to import merchandise and products without first submitting a list to get a permit. He said it is a document with an assigned value, which will be called a Central American Import Bond, which may be used as of 1 October of this year.

[Begin Sosa recording] The results are positive, because the main goal of the meeting between central bank presidents and ministers in charge of integration was to adopt or reject a decision concerning the creation of an additional form of payment for intraregional commerce. The resolution was adopted yesterday, approving the creation of a document that will be called a Central American Import Bond, or DICA, as of 1 October of this year.

DICA is a document that will be issued by the central bank in each country and will be payable -- only by that bank -- within a specific period of time. For example, if we want to import something from Costa Rica, using the DICA's, then we must find a Costa Rican exporter who is willing to receive the Guatemalan DICA. Then our local importer goes to the Bank of Guatemala, buys a DICA for an equivalent of $100,000, and sends it to pay for the imports.

Consequently the Costa Rican exporter keeps the DICA, and he may negotiate it in the stock market or with any other exporter in Costa Rica or in any other Central American country who wants to import Guatemalan products. [end recording]

In addition, the economy minister said that the central bank officials meeting in Nicaragua discussed the $190-million debt that the country has with Guatemala in the trade sector.

[Begin Sosa recording] We did hold some talks with the Republic of Nicaragua. It seems that we have reached an understanding, and this will be submitted to the monetary board as soon as possible by Mr Linares, president of the Central Bank. If the monetary board thinks that the terms of the agreement are acceptable, then we will be able to continue negotiating with Nicaragua concerning the eventual payment of their debt. As far as I am concerned, we talked with the Nicaraguan authorities about the possibility of reaching a trade agreement. In the meantime, we are trying to establish trade mechanisms for compensated commerce; in other words, they will buy as much from us as they sell to us. We had talked about $1 million per month, but this is subject to a consultation with the BCIE's national commission, which was recently created by the president of the Republic, and the president himself. If this is considered feasible, as I think it is, we might sign a trade agreement with Nicaragua in September. [end recording]

EL SALVADOR

BLANDON CALLS FOR NATIONAL UNITY, EFFORTS

PA230342 San Salvador DIARIO LATINO in Spanish 21 Aug 86 p 9

["Excerpt" of speech by General Adolfo O. Blandon, chairman of the Salvadoran Armed Forces Joint Chiefs of Staff, at the Salvadoran Chamber of Commerce and Industries; date not given]

[Text] Perhaps never before have the Salvadoran people had to live in such difficult times as those we are experiencing now, after 30 years of war, during which over 99 percent of Salvadorans have been affected in one way or another: some of us have lost relatives, others have sought refuge in foreign countries, others have lost their property and others have been affected psychologically. All Salvadorans have experienced the consequences of the war in one way or another, because this is a special, modern war, stemming from the concept of classical war. This type of war is no longer the one through which people want to conquer territories; it is no longer the war through which the armies want to impose their will on the enemy.

We are dealing with the concept of vertical war [guerra vertical]. The concept of horizontal war [guerra horizontal] is going down in history. To win a vertical war we need not only military equipment and soldiers, but also the joint efforts of all Salvadorans who think that the democratic system is the best way of life.

The Salvadoran general staff has been working very hard in the past few months. We have been designing a new strategy, bearing in mind that this is not only a military war, but a political, social, ideological, and international one as well.

We cannot evade other countries' influence, and we all know that when a country experiences problems, several organizations begin to interfere. For example, when Nicaragua had its conflict, the Andean Pact came up. When the conflict spread over the region, the Contadora Group emerged. Another of those mechanisms was the French-Mexican statement. Thus, what can help us bring peace to the country? We have found only one way, and that is the unity of efforts by all good Salvadorans, including businessmen, workers, peasants, teachers, professionals, and the church. All of us have to make efforts to achieve peace.

In San Miguel I said that history put us in a critical situation, because we have an immense responsibility on our shoulders. What kind of country do we want for our children? A free country or an enslaved one? I am sure that none of us wants an enslaved country, and that is our great responsibility. Regardless of the battle, we are part of a generation that I call the generation of honor.

This is no time for quarrels or group differences. We must wear the Salvadoran uniform because that is the only way to take our country out of the conflict. The "United To Rebuild" plan was devised to favor those who have suffered the most in this war, to fulfill their basic needs, to allow them to return to their places of origin, and to make them produce again, because El Salvador has to produce much more than it does now.

That plan is not devised for a specific person or political party; it is for all Salvadorans, mainly for the most needy. For that reason, I am pleased to know that there are businessmen at this meeting. For the militarymen, that is very meaningful.

Perhaps, you, as members of the private sector, think and wonder about what you can do. Perhaps you have guidelines and are capable of putting together an efficient, active effort. I pray to God no one will politicize this plan, and I honestly admit that that is my main concern, because this is not a political plan.

Political parties should also support this plan if they really want peace in El Salvador -- a lasting peace, not an ephemeral one. We are looking for peace attained through work and love. We are experiencing extremely illogicial situations, because we are divided at a time when we need to be most united. We fight over trivialities and forget about the great danger that hangs over our country, because a confrontation is underway between two great systems, only a few kilometers apart, between Nicaragua and El Salvador: Marxism-Leninism in Nicaragua and democracy in our country.

Our unity will save the country. It is sad to see all the fights at the Legislative Assembly when it is time to be united. We, the militarymen, overcame that. People described us as an insensitive, incapable Army. They said we worked only from 0900 to 1700 and that we were interested only in looking after the interests of 14 families. Now we have earned a place in the people's minds and hearts, and we have also attained international recognition.

ZEPEDA VIEWS MEXICO TALKS, REBEL STRATEGY

PA220356 Panama City ACAN in Spanish 0145 GMT 22 Aug 86

[Text] San Salvador, 21 Aug (ACAN-EFE) -- The Salvadoran Army stated today that the "rebels are using the dialogue as a propaganda maneuver" of their political-military strategy.

Colonel Orlando Zepeda, member of the Armed Forces General Staff and chief of military intelligence, analyzed the political and military strategy of the FMLN guerrillas during a meeting today with more than 200 Salvadoran businessmen.

Zepeda explained that the Salvadoran guerrillas have "divided their forces throughout the country into five kinds of units in an effort to wear out the Salvadoran Army." He described the operations of the "guerrilla units," which are comprised of four or five members [miembros] in charge of continually ambushing the Army; "mobile units," which are in charge of major military operations; the "special forces;" the "city commands," and the "expansion units."

"The guerrillas changed their strategy in the middle of last year; they went from large groups to small groups, because they were unable to face and wear out the Army," Col Zepeda explained. According to Zepeda, this new strategy engages the Army more frequently, and although the strategy has failed, "it has caused more than 2,000 casualties among our ranks since January."

Zepeda said that the guerrillas have other tactics, such as "destroying the economy, especially the country's most important products: coffee, cotton, and the electrical power infrastructure." He said that the guerrillas are also trying to disrupt the government, the Army, and political parties "by creating and promoting division among the political groups."

"The guerrillas want to make it appear that the Army belongs to the government, to a political party, to a person, something which is not true," Col Zepeda indicated. "The maneuvers and pressures in relation to the dialogue are other guerrilla tactics, an attempt to use the dialogue for their propaganda, so as to gain time in order to recover the strength they have lost," Zepeda said.

The leftist groups and representatives of Jose Napoleon Duarte's government held two rounds of talks in 1984, and representatives of both sides are discussing in Mexico now the possibility of holding a third round of talks. The aim of the talks is to humanize the war which for the past 7 years has been affecting El Salvador.

VENCEREMOS VIEWS PROPOSAL ON PRISONER RELEASE

PA231537 (Clandestine) Radio Venceremos in Spanish to El Salvador 0000 GMT 23 Aug 86

[Text] The government has offered to release 23 political prisoners in exchange for a solution to the problem involving Colonel Avalos. In this regard, we want to state clearly that for us the problem does not involve the release of 23 political prisoners. The problem is that there are currently more than 900 people unjustly serving jail sentences for no reason and without the benefit of a trial. Furthermore, the Army has seized mentally ill people in conflict-ridden areas, and they are being kept in penal centers today.

Hundreds of people who have never held a weapon in their hands are in the regime's jails. Many of them have no link with the FMLN; their only crime is fighting for their demands. It is very unjust to maintain this situation; 900 prisoners for no reason, with no evidence, without defined charges. Many have served years in prison in that situation.

In contrast, while jails are full of people, the justice apparatus released Colonel [Roberto Mauricio] Staben, a well-known chief of the death squads facing numerous charges.

We insist that the FMLN's objective is not the release of 23 political prisoners. In order to resolve the problem involving Col Avalos, we propose that the government show its goodwill by resolving the unjust situation affecting more than 900 Salvadorans held in prisons for no reason. The FMLN will ask the church for the lists provided by residents in conflict-ridden areas containing the names of relatives seized by the Army. Those lists contain the names of labor, guild, and humanitarian organization members who are serving prison sentences and whose release is being negotiated by the church.

GUATEMALA

GOVERNMENT FOREIGN TRADE MEASURES CRITICIZED

PA252317 Guatemala City Radio-Television Guatemala in Spanish 0400 GMT 25 Aug 86

[Text] On 21 August the government established severe rules of state interventionism that will control Guatemalan foreign trade. This action went completely unnoticed by the people, just like many other government actions which the citizens later regret. These measures, which tend to nationalize our trade with other countries, would only have to be complemented with a political decision by the government to buy all export and import products in order for a complete nationalization of foreign trade -- just as occurred in El Salvador approximately 6 years ago -- to take place.

In El Salvador this measure was accompanied by agrarian reform and the nationalization of banks -- actions to face a serious economic crisis, which nevertheless became even worse after these decisions of state intervention were implemented.

At the beginning of its term, the Guatemalan Christian Democratic regime decided to employ the services of the Swiss General Oversight Company, SGS -- the French acronym -- to oversee imports and exports. On 21 August this regime put into effect 29 measures that seek to control our trade with other countries in an unprecedented manner.

The measures seek to make effective the payment of duties to the government at a time when the administration's expenses have increased significantly. In other words, these actions are aimed at solving the government's problems even if this effort greatly affects the people, who will see that their ability to export will decrease. This decrease will result from the undeniable complication of having to go through more of the already existing bureaucratic red tape. Imports will suffer the same fate; this will result in fewer purchases of foreign products, meaning less quantity, less quality, and higher prices.

The people are to receive two blows, in the export and import areas, because a government that seeks to obtain bigger revenues -- as in the times of the best bonanza -- is stubbornly refusing to implement an austerity program demanded by the times and by common sense.

HONDURAS

FOREIGN MINISTER ON NICARAGUAN ICJ SUIT

PA221628 San Pedro Sula TIEMPO in Spanish 21 Aug 86 p 5

[Excerpt] Tegucigalpa -- Foreign Minister Carlos Lopez Contreras announced yesterday that the government cannot yet establish the position that it will assume regarding the suit that Nicaragua presented against Honduras at the International Court of Justice [ICJ].

Members of the National Security Council met on Tuesday afternoon on the initiative of the foreign minister to evaluate the suit presented by Nicaragua against Honduras. They will meet again today to establish a position.

According to Foreign Minister Lopez Contreras, Nicaragua's suit "is based on Honduras' submission to the obligatory jurisdiction of the ICJ in The Hague through the court statute specified in Article 36 of the Bogota Pact, but Honduras made changes to that obligatory submission."

"Therefore," Lopez Contreras added, "a situation involving an obligatory submission by Honduras does not exist at this time in the face of any suit. Actually, we tried to limit the submission to essentially political conflicts, especially those related to the Central American situation." Lopez Contreras said.

Despite that, "the government has not yet made a decision as to what position it will assume in the face of that Nicaraguan suit, because, I repeat, the fact that Honduras has introduced a change on the issue of obligatory jurisdiction does not necessarily mean that it cannot -- should it wish to -- appear before the court to face the charges," Lopez Contreras said.

He pointed out that besides the possibility that Honduras could "appear before the court to face the suit, it could also present a countersuit," but we have not yet decided what we will do. [passage omitted]

LOPEZ CONTRERAS LEAVES FOR ISRAEL, NETHERLANDS

PA231956 Panama City ACAN in Spanish 1941 GMT 23 Aug 86

[Text] Tegucigalpa, 23 Aug (ACAN-EFE) -- Foreign Minister Carlos Lopez Contreras left today for Israel at the invitation of his colleague Yitzhaq Shamir, but the topics which they will discuss were not disclosed. The foreign minister is accompanied by his wife, Armida Villeda de Lopez, and Roberto Flores Bermudez, director of foreign policy of the Foreign Ministry.

It was reported that after visiting Israel the foreign minister will visit the Netherlands to meet with his colleague Hans van den Broek in the Hague.

BRIEFS

NEW TAIWANESE AMBASSADOR -- Huang Chuan-li, the new ambassador of Nationalist China, yesterday presented his credentials to President Jose Azcona Hoyo during a traditional diplomatic ceremony at the Government House. [Excerpt] [Tegucigalpa EL HERALDO in Spanish 21 Aug 86 p 2 PA]

NICARAGUA

FOREIGN MINISTER D'ESCOTO VISITS IRAQ

For Iraqi reportage on the visit by Foreign Minister Miguel D'Escoto Brockman to Iraq, including his meetings with Iraqi President Saddam Husayn and Tariq 'Aziz, Iraqi deputy prime minister and foreign minister, see the Iraq section of the 21 August Middle East & Africa DAILY REPORT and subsequent issues.

FOREIGN DIPLOMATS VISITING NORTHERN ZELAYA

PA252020 Managua Sistema Sandinista Television Network in Spanish 0200 GMT 25 Aug 86

[Excerpt] A delegation of diplomats accredited in our country is visiting northern Zelaya to learn about the status of projects which their respective countries are supporting in that zone. Diplomats from the Polish, Czech, and USSR missions, among others, were also able to see the conditions northern Zelaya people are experiencing. The ambassadors are to stay in that zone until tomorrow, 25 August. [passage omitted]

BRIEFS

WHEAT DONATIONS -- In the past 24 hours, the Nicaraguan people and Government have received approximately 14,000 metric tons of wheat from the French, Spanish, and Indian Governments. Spokesmen of the Foreign Cooperation Ministry reported that on 13 August Spanish Ambassador to Nicaragua Yago Pico de Coana delivered to Jose Angel Buitrago, vice minister of foreign cooperation, 2,000 tons of wheat that are being unloaded in the port of Corinto. Meanwhile, in Managua the deputy external affairs minister of India delivered 2,000 metric tons of wheat to Pedro Antonio Blandon, first vice minister of foreign cooperation. At this time, a ship from France is about to dock in Corinto with 5,000 metric tons, which are part of a total donation of 10,000 tons. The other 5,000 metric tons will be unloaded in the port of San Juan del Sur in the next few days. [Text] [Managua Radio Sandino in Spanish 1200 GMT 14 Aug 86 PA]

NONALIGNED SUMMIT TO DISCUSS L.A. ISSUES

FL261814 Havana Radio Reloj Network in Spanish 1411 GMT 26 Aug 86

[Excerpts] Experts from more than 100 Nonaligned Movement member-countries are analysing the upcoming eighth summit meeting declaration draft on topics related to conflicts in Latin America and the Caribbean. [passage omitted]

The Nonaligned Movement's final declaration draft, being discussed today at the experts meeting in Harare, calls for the immediate and total end of the U.S. blockade against Cuba. Zimbabwe said that the United States should end all pressures against our country. Zimbabwe also condemned the recent escalation of ag ression threats against Cuba. It requests support for Cuba's just demand that the U.S. military withdraw from the Guantanamo naval base and compensate Cuba for the material damages we have suffered.

The draft of the final declaration being analysed shows concern over the imprisonment of Puerto Rican patriots in the United States and calls for their rights to be respected. [passage omitted]

ANGOLAN FOREIGN TRADE MINISTER ARRIVES

FL261855 Havana Television Service in Spanish 1700 GMT 26 Aug 86

[Text] Angolan Foreign Trade Minister Ismael Gaspar Martins arrived in Cuba before dawn today. Foreign Trade Minister Ricardo Cabrisas welcomed him.

Gaspar Martins told Tele-Rebelde the delegation he is heading will participate in the second meeting of the joint foreign trade commission which will discuss the development of this year's trade relations and the plans for 1987.

[Reporter] How would you describe the development of trade and cooperation relations in the area of foreign trade between our two countries?

[Gaspar Martins, in Portuguese with consecutive Spanish translation] As I said before, they are very positive. As you know, Cuba and Angola are facing an economic situation which is a result of imperialist manipulation of one of our basic products, oil. With the revolutionary and militant creativity we have, I believe we are here to find ways of going beyond these external difficulties which, naturally, have an impact but will never reduce the amount of trade or our commitement to strengthen our relations in the area of trade and economics. It forces us to be more creative in the search of these solutions. [end of recording]

'OUR AMERICA' ON CONTRA PRESENCE IN HONDURAS

PA251715 Havana International Service in Spanish 2300 GMT 22 Aug 86

["Our America" commentary, read by Norberto Hernandez]

[Text] Thanks to the proverbial kindness of Honduran President Jose Azcona, the members of three armies move freely throughout his country. They are the Honduran and the U.S. armies and the Nicaraguan counterrevolutionaries.

The open and massive presence of thousands of Somozist mercenaries and Sandinist revolution traitors has resulted in an increase in crime, drug trafficking, and abuses against the Honduran population. The citizens of Honduras wonder how long they will have to endure the undesirable former guards and the paid CIA agents.

The Nicaraguan counterrevolutionaries are everywhere. They are in and out of military bases. They go to shops and night clubs and roam the country to spend the juicy salaries they receive from the Reagan government.

Because of their servile attitude, the so-called contras like to change the names of Honduran towns, and now the town of Capire is being called Reagan City, and Cifuentes has been rebaptized as Kirkpatrick. Arenales is now known as Casey. These are allusions to Jeane Kirkpatrick, a former U.S. ambassador to the United Nations, and to CIA chief William Casey.

Although the presence of the freedom fighters -- as Reagan calls the mercenaries -- puts in doubt Honduras' sovereignty, the government of Jose Azcona remains indifferent to reports that the presence of the mercenaries has provoked the forced exodus of the indigenous population from more than 60 villages. Many of the displaced people are peasants, whose limited property has been plundered as Somozist and U.S. secure places are expanded.

But the contra business is too profitable to be abandoned by Honduran Government officials, some deputies, businessmen, military, and other elements of Honduran society.

Several of these elements have become part of the structure in charge of supplying food and clothing to the Nicaraguan counterrevolutionaries in exchange for CIA dollars. Since their greed is stronger than their common sense, Honduran territory has become the site of intense struggles to determine who will receive the most profits.

In July an unidentified group attacked a house where a group of well-known Nicaraguan counterrevolutionary chieftains was meeting in Tegucigalpa, the capital of Honduras. Those who denounce this situation are terrorized. At the beginning of this month, a bomb exploded in the home of Rodrigo Wong, director of Radio America -- one of the most important radio stations in Honduras. Wong had criticized the deterioration of national sovereignty as a result of the presence of many foreigners.

As a result of the U.S. Senate approval of $100 million for the Nicaraguan counterrevolutionaries, it is to be expected that rivalry among those in Honduras who assist the contras will increase.

Since greed is acute, government officials, politicians, businessmen, and military elements believe they have found an easy source of dollars, even at the risk of losing their lives in an immoral business where there are too many competitors.

PEOPLE'S GOVERNMENT CANDIDATE NOMINATIONS BEGIN

FL261301 Havana Radio Progreso Network in Spanish 1100 GMT 26 Aug 86

[Text] Nomination assemblies to elect municipal people's government candidates have begun extensive voter participation all over the country. Jose Ramon Machado Ventura, Politburo member and chairman of the National Electoral Commission, last night attended 1 of the 15 assembly meetings which initiated the nomination process in Havana.

COMMUNIST MARKET PROTECTION HINDERS SUGAR EXPORTS

PA260350 Madrid EFE in Spanish 0129 GMT 26 Aug 86

[Text] Santo Domingo, 25 Aug (EFE) -- The country is having problems selling sugar on the international market as a result of the communist countries' protection among themselves for purchasing sugar, Foreign Minister Donald Reid Cabral said today.

Reid Cabral explained that the country has not restricted its sugar sales for ideological reasons -- as has been said -- but it cannot sell its sugar due to that protection. This is the case of the USSR and other socialist countries preferentially purchasing Cuban sugar.

"We are in the free market, and anyone wanting to buy our sugar can do so freely," the foreign minister said, again rejecting charges that his country does not want to sell its sugar for political reasons.

This year the Dominican Republic produced some 45,000 tons of sugar -- 35 percent less than estimated -- due to a shortage of Haitian sugarcane cutters in its 1985-86 harvest and this production is enough to meet its international commitments and supply the domestic market.

The country normally brings in Haitian workers, from 18,000 to 20,000 annually to cut Dominican sugarcane.

BRIEFS

NEW AUSTRALIAN AMBASSADOR -- The president has received the credentials of the new Australian Ambassador. (Edgard Sellers) was received by the head of state in a ceremony held at the national palace ambassadors room. (Sellers) is replacing his colleague (Alfred Mitchum), who presented his credentials in December 1972. Secretary of the Presidency Rafael Penaldino and other officials were present at the credential presentation ceremony. [Text] [Santo Domingo Radio Antilles 1000 GMT 23 Aug 86 FL]

MEDIA MANAGERS CONCERNED OVER FOREIGN INFLUENCE

FL231445 Bridgetown CANA in English 1316 GMT 23 Aug 86

[By Rickey Singh]

[Text] Bridgetown, Barbados, Aug 23, CANA -- Caribbean media managers have carried their deep concern about the negative influences of foreign television to Caribbean Community (Caricom) governments.

In a report prepared for the Caribbean Publishing and Broadcasting Association (CPBA) by current President Harold Hoyte, editor-in-chief of the Nation newspapers of Barbados, the CPBA proposed a three point action plan to tackle the issue. The report called for:

1. Joint Caricom action to establish a regional broadcasting and telecommunications authority to ensure that our airwaves are not used as an instrument of distortion, but rather as a force for regional integration.

2. The setting up as a matter of the greatest urgency, of a regional commission of men and women of integrity to examine the growth of media systems in the region with a view to determining the extent to which the control of the flow of information to our people is in the hands of Caribbean people; and to assess, on a territory-to-territory basis, how much information being passed on to our people is prepared for their specific consumption, and by whom.

3. The holding of a special meeting of Caricom ministers of information to specifically address the intra-regional flow of information and seek to arrest the penetration of foreign television and radio stations programmes by the establishment of a counterbalancing proportion of locally produced programmes of national and national supported radio and television stations.

The report which has been submitted to Caricom Secretary General Roderick Rainford for transmission to the 13-member states of the Community, is to be followed up with an in-depth study later this year by a Canadian communications expert.

One aspect of the Canadian experts assignment for the CPBA will be to meet with a representative body of Caribbean opinion makers, including writers, academics, journalists, religious and political leaders, for their views on the particular needs of the region.

The choice of a Canadian communications expert, media sources told CANA, is related to Ottawa's own particular concerns, about the influence of television from neighbouring United States.

The intention is that both the Hoyte report and the follow-up report by the Canadian expert would have been carefully considered for the relevant action either before or at the next Caricom summit, scheduled for St Lucia in July 1987.

In expressing its general concerns, the CPBA, the umbrella organisation of the region's leading print and electronics media institutions, said that it was worried that in most territories of the Caribbean Community, there is a disproportionate amount of American-prepared television programming in relation to regional material.

In many cases, according to the CPBA's assessment, it is not possible to view more than thirty to six [as received] minutes of Caribbean-prepared material in any given day.

The CPBA says that it respects the right of free choice and freedom of the press, but that it regards the amount and nature of American television available to the homes of Caribbean people to be entirely out of proportion to the amount of Caribbean material that is offered.

The 11-page report, with various appendices, some reflecting the expressed concerns of some leading regional peraonalities, states on page five:

We are of the view that it is not good for our people to be subjected to this volume of foreign television material provided by those who through their size, strength and geography are well placed to make it available to the Caribbean at a relatively low price...

Neither our cultural identity nor our political sovereignty, nor indeed, our territorial integrity, the report continued, should be eroded by any foreign power as a result of our location or size...

Our examination of what is taking place quietly in the living rooms of thousands of Caribbean family units, as they sit innocently before their television sets, frightens us. It is a process of deculturisation which is painless, but also very thorough and long-lasting.

The CPBA report also makes the observation that alongside the rapid growth of U.S. television programming throughout the Caribbean is the expansion of Voice of America services.

It refers to a recent article in report on the America's on communications development in the Caribbean, which stated the VOA is currently working on a plan to spend as much as U.S. 50 million in the installation of at least eleven new transmitters in the region, including Belize, Antigua, St Vincent, Grand Cayman and Grand Turk.

All of this, said the CPBA, adds up to an unnecessarily easy access to Caribbean people from foreign, particularly American, sources and the eventual subversion of our culture...

We regard this domination as a challenge to the life-styles and value systems of a largely poor and vulnerable region. We anticipate that it can have the effect of threatening the orderly development of our societies, since it enforces in the subconscious false and unattainable goals and shatters the natural pattern of social and economic development of our dependent economies...

BARBADOS

ALLEYNE ON REGIONAL SECURITY SYSTEM PARTICIPATION

FL262012 Bridgetown CANA in English 1935 GMT 26 Aug 86

[Text] Roseau, Dominica, Aug 26, CANA -- The Barbados Government has agreed to participate fully in the regional security system, Dominica's Attorney General Brian Alleyne said today.

The RSS links the islands of the Organisation of Eastern Caribbean States (OECS) and Barbados mainly in coastline surveillance.

But after a change of government in May, new Prime Minister Errol Barrow expressed reservations about the security system.

However, Alleyne told the fourth Caribbean Youth Conference that Barrow had confirmed his country's full participation in the system.

The delegates and observers from 25 moderate political parties of 16 regional countries attending the conference applauded when the announcement was made.

The Dominican attorney general defended the role of the security system saying that the forces would not be used to interfere in a country's internal affairs, but would serve to protect the islands against external threats of aggression or from minority armed revolt against recognised legitimate authority within the islands.

Alleyne said the existence of such a relationship through a binding treaty among regional neighbours was a strong psychological disincentive to external aggression or unpopular revolt.

ST VINCENT

IMMIGRATION OFFICIALS EXPEL BELGIAN JOURNALIST

FL262357 Bridgetown CANA in English 2248 GMT 26 Aug 86

[Text] Kingston, St Vincent, Aug 26, CANA -- Vincentian immigration authorities have declined comment on the expulsion from the island of a Belgian journalist after only a nights stay.

Gert Declercq told reports he was working with Trends Financial magazine on an article on the operations of Owens Banks -- an off-shore bank with offices here.

Declercq said there had been allegations in Belgium that the bank was involved in a bad business securities deal.

The off-shore bank also has branches in the Turks and Caicos Islands where Declercq said he had already visited.

He said after being allowed to stay on Sunday night, immigration officers picked him up at his hotel in the capital early monday morning, took him to the immigration office where he was detained for about half an hour while his baggage were searched. He was then taken directly to the airport; and put on board the next available flight for Barbados.

Acting Police Commissioner Randloph Toussaint, who is in charge of immigration matters, declined to say why Declercq was deported.